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SUBJECT Blame for Iran Operation/Director Casey Testifies

TOM BROKAW: White House feuding tonight about who is responsible for the Iran operation, as Congress opens hearings on the controversy.

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BROKAW: For two weeks now the White House has been trying to contain the damage from its secret Iran operation. But tonight, if anything, it is worse than ever. Administration officials are blaming each other. Republican and Democratic Congressmen and Senators are even more outspoken in their criticism. And Iran officials are crowing.

We begin with reports from the White House and Capitol Hill tonight. First NBC's Chris Wallace, then John Dancy.

CHRIS WALLACE: The President headed for Camp David this afternoon, leaving behind an Administration that is being torn apart by factional disputes. Sources tell NBC News Mrs. Reagan, considered a powerful influence on her husband, is furious that top aides seem more interested in protecting themselves than the President. She is said to be especially angry at Secretary of State Shultz, viewing his effort to distance himself from the Iranian arms deal as disloyal.

Shultz was also the target of former National Security Adviser Robert McFarlane, who last night contradicted the Secretary's claims that he was not involved.

ROBERT MCFARLANE: It was not kept from the Secretary of State. I'm somewhat surprised at the portrayal that it was, for I told him repeatedly and often of every item that went on in

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this enterprise.

WALLACE: Today Shultz acknowledged taking part in two discussions of the Iranian operation last winter, but said, since then, he was not involved, noting those who were involved are appearing before Congress.

SECRETARY OF STATE GEORGE SHULTZ: The people who have been closest to that subject have been testifying in Washington. And I think it's best to let it rest there.

WALLACE: There are other disputes. McFarlane, who was an architect of the Iranian policy, now says it was a mistake to send arms there. That angered White House Chief of Staff Donald Regan, who complained to colleagues, "It was Bud's idea. When you give lousy advice, you get lousy results."

Congressional leaders are deeply worried this back-biting is damaging the government's credibility.

SENATOR ROBERT BYRD: This situation is really creating a creeping paralysis.

WALLACE: Their view: that the President must order his aides to stop bickering and just admit the Administration made a mistake.

SENATOR ROBERT DOLE: I mean every day it's another story and somebody else is out saying something else. And it seems to me they ought to be -- if my staff were running all over, I think I'd call them together.

WALLACE: But officials here say they don't expect the President, who dislikes confrontations, to start knocking heads together. Instead, one top adviser said, the current strategy is just to wait, hoping the furor, both inside and outside the Administration, will simply run its course.

J, A JOHN DANCY: CIA Director William Casey was on Capitol Hill today, still maintaining the Administration was within its rights to keep Congress in the dark about the Iran operation. He insisted the law does not always require notification when the President feels national security is at stake.

REPORTER: Have you broken the law?

DIRECTOR WILLIAM CASEY: No, no.

DANCY: If the Administration had hoped the Casey mission would put out the fire in Congress, it was wrong. The anger came not only from Democrats, but from Republicans, like P Senate Intelligence Committee Chairman David Durenberger.

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SENATOR DAVID DURENBERGER: It is my opinion that they had no intention of informing us about this until, for some reason or other, it went public.

DANCY: One new fact came out: that unidentified countries other than Israel were involved in the shipments.

SENATOR BYRD: We have learned about people who are citizens of other countries and residents of other countries wh o have been involved in shipments.

DANCY: Casey's disclosures pleased almost no one. Some of the descriptions of the Iran deal after Casey briefed the Intelligence Committees:

SENATOR SAM NUNN: Ill-conceived and ineptly implemented.

REP. JIM WRIGHT: Clumsy.

SENATOR DANIEL PATRICK MOYNIHAN: I can't believe what I heard, and I don't.

DANCY: The Administration did not brief Congress because it feared leaks. But both Senate and House Intelligence Committees have elaborate clean rooms in the Capitol, rooms with sophisticated anti-bugging devices that would have allowed intelligence agencies to brief them on the Iran deal in secret. But they did not. Some senators say that has damaged the relationship of trust carefully built up between Congress and intelligence agencies.

SENATOR MOYNIHAN: The damage here is to our intelligence community. They need the support of these committees. They need the support of the Congress. They need its confidence. They had -- you know, it was working out, this relationship, ten years.

Oh, what a crash.

DANCY: Many senators say the inevitable result of that crash will be new legislation putting further restrictions on the intelligence agencies, as well as the National Security Council.

BROKAW: Congressman Wright, who will be the next Speaker of the House, also disclosed today that Iran paid $12 million for those American arms shipped by the White House, including more than 2000 anti-tank missiles and more than 200 ground-to-air Hawk missiles.

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